CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE

May 8, 2000

H.R. 4118

Russian-American Trust and Cooperation Act of 2000

As ordered reported by the House Committee on International Relations on May 4, 2000

H.R. 4118 would prohibit the President from rescheduling or forgiving any bilateral debts of Russia until the President either certifies that Russia has closed its intelligence facility at Lourdes, Cuba or waives that prohibition and certifies that the waiver is necessary to the national interest of the United States. The bill would require the President to report to the Congress on Russia's efforts to close its facilities at Lourdes and, if he provides the certification, on the extent that a waiver is in the national interest and that Russia is in substantial compliance with nonproliferation and arms limitation agreements. CBO estimates the additional reporting requirement would cost less than $500,000 a year, assuming the appropriation of the necessary funds. Although the other budgetary impacts of enacting the bill are highly uncertain, CBO estimates that they would not be significant. Because the bill could affect direct spending and receipts, pay-as-you-go procedures would apply.

In August 1999, creditor countries agreed to reschedule payments on Soviet-era debts coming due between July 1, 1999, and December 31, 2000. Rescheduling those payments would increase the likelihood that the debt would be repaid. Under that 1999 agreement, the United States would create a new debt instrument out of the $496 million due on World War II lend-lease loans and agricultural commodity credits extended to the Soviet Union before December 31, 1991. That amount plus interest would be repaid over the 2001-2020 period. The United States has not yet signed the bilateral accord with Russia that would implement the multilateral agreement.

CBO assumes that the President would use the waiver authority. In that case, the bill would not affect direct spending or receipts. If not, the United States would be unable to reschedule Russia's debts under the bill. Not rescheduling Russia's debts would increase net outlays from the forgone payments due upon signing of the bilateral agreement. A Russian default on its lend-lease loans could affect governmental receipts because Russia could lose its normal trade relations status thus affecting tariff collections.

H.R. 4118 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act and would not affect the budgets of state, local, or tribal governments.

The CBO staff contact is Joseph C. Whitehill. This estimate was approved by Peter H. Fontaine, Deputy Assistant Director for Budget Analysis.